

**Introduced by Senator Greene**February 24, 1995

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An act to amend Sections 8880.28 and 8880.68 of, and to add Article 9 (commencing with Section 8881) to Chapter 12.5 of Division 1 of Title 2 of, the Government Code, relating to lotteries, and making an appropriation therefor.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1294, as introduced, Greene. State lottery: video gaming.

(1) The California Constitution provides that, with the exception of the California State Lottery, the Legislature has no power to authorize lotteries and shall prohibit the sale of lottery tickets in the state. The California State Lottery Act of 1984, authorized by the California Constitution, provides a comprehensive scheme for the conduct of a state lottery by the California State Lottery Commission.

This bill would require the commission to establish and operate a statewide video gaming machine network, to issue regulations concerning the operation of the network, to license manufacturers, distributors, and operators of video gaming devices, and to license video gaming devices and the premises on which these devices are located for use by the public, as specified.

The bill also would establish fees for licenses issued to manufacturers, distributors, and operators pursuant to these provisions. In addition, the bill would impose a charge equal to 25% of the net machine income during the first 2 years from the date that video gaming machines are first offered for play



to the public in this state, and 35% of the net machine income for each year thereafter, and would require the deposit of those fees in the State Lottery Fund, a continuously appropriated fund in the State Treasury. Thus, the bill would constitute an appropriation. The bill also would impose a state tax pursuant to Article XIII A of the California Constitution.

The bill also would create new crimes, thus imposing a state-mandated local program, by providing that any person who physically tampers with a licensed video gaming machine with the intent to interfere with the proper operation of the machine, manipulate the outcome or payoff of the machine is guilty of a felony, and that any individual, firm, corporation, or other legal entity that places in operation or continues to have in place any gray area device, as defined, for use by members of the public at any licensed premise or any other place is guilty of a felony.

An initiative measure, the California State Lottery Act of 1984 provides that none of its provisions may be changed except to further its purposes by a bill passed by a  $\frac{2}{3}$  vote of each house of the Legislature and signed by the Governor.

This bill would declare that it furthers the purposes of the act and would require a  $\frac{2}{3}$  vote.

(2) Existing federal law provides that it is unlawful to transport any gambling device to any place in a state from any place outside the state unless the state has enacted a law providing for the exemption of the state from this provision.

This bill would exempt the state from the federal prohibition.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.



*The people of the State of California do enact as follows:*

SECTION 1. Section 8880.28 of the Government Code is amended to read:

8880.28. (a) The commission shall promulgate regulations specifying the types of lottery games to be conducted by the lottery, ~~provided~~ *subject to the following:*

(1) ~~No~~ *Except as provided in Article 9 (commencing with Section 8881),* no lottery game may use the theme of bingo, roulette, dice, baccarat, blackjack, Lucky 7's, draw poker, slot machines, or dog racing.

(2) In lottery games utilizing tickets, each ticket in these games shall bear a unique number distinguishing it from every other ticket in that game; and no name of an elected official shall appear on these tickets.

(3) In games utilizing computer terminals or other devices, no coins or currency shall be dispensed to players from these computer terminals or devices.

(b) Notwithstanding subdivision (a), no changes in the types of games or methods of delivery of these games that incorporate technologies or mediums that did not exist, were not widely available, or were not commercially feasible at the time of the enactment of this chapter in 1984 shall be made, unless all of the following conditions are met:

(1) This chapter is amended by statute to expressly authorize these changes.

(2) The act making the amendments contains express legislative findings that the amendments are consistent with the terms of, and further the purposes of, this chapter.

(3) The amendments comport with applicable state and federal law.

(c) For purposes of this section, a change in the method of delivery means a material change in the way a consumer directly interacts with the game.

(d) Subdivision (b) shall not apply to technological changes implemented prior to the effective date of this subdivision.

(e) This section shall not be construed to limit any internal technological changes made to the equipment or components utilized by the lottery.

SEC. 2. Section 8880.68 of the Government Code is amended to read:

8880.68. ~~Taxes~~ No ~~State~~ *state* or local taxes shall be imposed upon the sale of lottery tickets, *a game or games played on a video gaming machine authorized by Article 9 (commencing with Section 8881)*, or shares of the California State Lottery or any prize awarded by the California State Lottery, *including any prize winnings from a game or games played on a video gaming machine.*

SEC. 3. Article 9 (commencing with Section 8881) is added to Chapter 12.5 of Division 1 of Title 2 of the Government Code, to read:

Article 9. Video Gaming

8881. As used in this article, the following words mean:

(a) “Credit” or “game credit,” means an amount registered on a video gaming machine in exchange for coins or currency. The amount shall be registered in units where one unit equals a minimum of twenty-five cents (\$0.25) or a greater value, as determined by the commission.

(b) “Gray area device” means any video device, not authorized by the commission and not connected to the state video gaming central computer communication system, which is available to the public for play and capable of simulating a game played on a licensed video gaming machine.

(c) “Licensed premises” means any establishment licensed pursuant to Division 9 (commencing with Section 23000) of the Business and Professions Code for the sale and on premise consumption of alcoholic beverages and that holds a license issued by the commission pursuant to this article.

(d) “Net machine income” means the amount of money placed by players into a video gaming machine less amounts paid out to winning players as prizes.

(e) “Progressive game” means any game, the jackpot of which grows and accumulates as it is being played on machines throughout the state, and whose outcome is randomly determined by the play of video gaming machines linked to a computer network.

(f) “Service employee” means an employee of a video gaming machine distributor, or video gaming machine operator, who is certified by the commission to service, maintain, and repair video gaming machines.

(g) “Video display” means the visual presentation of a video game shown on the screen of a video gaming machine.

(h) “Video game” means any electronically simulated games of chance, including, but not limited to, video poker, keno, line-up, or blackjack, displayed and played on a video gaming machine.

(i) “Video gaming machine” or “machine” means an electronic video game machine that accepts coins or currency in exchange for game credit, and is available to play, or simulate the play, of a video game using a video display and microprocessors, and in which the player may receive game credit for winning plays that may be redeemed for a ticket voucher redeemable for cash prizes. “Video gaming machine” or “machine” does not include a machine that directly dispenses coins, currency, or tokens.

(j) “Video gaming machine associated equipment” means any proprietary device, machine, or part used in the manufacture, operation, or maintenance of a video gaming machine.

(k) “Video gaming machine distributor” means any individual, firm, corporation, or other legal entity licensed by the commission to distribute or sell video gaming machines or video gaming machine associated equipment in this state.

(l) “Video gaming machine manufacturer” means any individual, firm, corporation, or other legal entity

1 licensed by the commission to assemble or produce video  
2 gaming machines or video gaming machine associated  
3 equipment for sale or use in this state.

4 (m) “Video gaming machine operator” means any  
5 individual, firm, or corporation licensed by the  
6 commission to own and physically place video gaming  
7 machines or video gaming machine associated  
8 equipment in licensed premises located anywhere in this  
9 state.

10 8881.1. (a) The commission shall establish a  
11 statewide video gaming machine network in accordance  
12 with this article.

13 (b) The commission shall adopt regulations  
14 concerning the operation of a statewide video gaming  
15 machine network. The regulations shall include, but not  
16 be limited to, all of the following:

17 (1) The type of video gaming machines and the type  
18 of video gaming machine associated equipment that may  
19 be used to conduct video games.

20 (2) The type of video games offered for play.

21 (3) The amount of game credits wagered for a single  
22 game play. The amount of game credits shall not exceed  
23 the number of credits that equals three dollars (\$3).

24 (4) The amount of game credits that may be awarded  
25 for winning plays. The amount of game credits awarded  
26 shall not exceed \_\_\_\_\_ dollars (\$) per single  
27 nonprogressive game play, and \_\_\_\_\_ dollars (\$) for  
28 any single progressive game prize.

29 (5) The manner of payment of cash prizes to the  
30 holders of winning video game credits.

31 (6) The number of machines permitted in each  
32 licensed premise. The location premise license shall  
33 provide for the installation of up to a maximum total of  
34 four machines. However, a special license for five or more  
35 machines, not to exceed a total of \_\_\_\_\_ machines at  
36 any one premise location, may be issued by the  
37 commission to horse race tracks that are licensed to  
38 conduct horserace meetings by the California Horse  
39 Racing Board.

1 (7) No person under the age of 21 years shall operate  
2 a video gaming machine. Notwithstanding subdivision (i)  
3 of Section 8880.32, no prize from gaming authorized by  
4 this article shall be paid to any person under the age of 21  
5 years.

6 (8) No video gaming machine shall be played except  
7 during the hours that the licensed premises at which it is  
8 located may lawfully operate.

9 (9) The payback value of one credit wagered,  
10 determined over time, shall be a minimum of 85 percent,  
11 but shall not exceed a maximum of 94 percent.

12 8881.2. (a) The commission, in order to assure  
13 integrity of its accounting system, shall operate the video  
14 gaming network through a central computer  
15 communications system, which shall be dedicated and  
16 used solely for the operation of the video gaming  
17 network.

18 (b) The central computer communications system  
19 shall be capable of auditing the operation, financial data,  
20 and program information of the video gaming network,  
21 and shall include at each licensed premise a clerk  
22 validation terminal that provides centralized game data  
23 control and cash voucher validation. The central  
24 computer communications system shall incorporate  
25 electronic fund transfer procedures to facilitate the  
26 collection of revenue, be capable of disabling any  
27 machine from play that does not comply with this article,  
28 and be capable of communicating with all video gaming  
29 machines licensed by the commission.

30 (c) In accordance with Article 6 (commencing with  
31 Section 8880.56), the commission may enter into a  
32 contract with any private entity for central computer  
33 communications system services. All equipment or  
34 devices required for operation of the central computer  
35 communications system shall be included in any contract  
36 made for the purpose of providing or operating that  
37 system.

38 (d) Nothing in this section shall be construed to  
39 require the commission to use constant online

1 communications when the central computer  
2 communications system used is a dial-up system.

3 (e) The commission shall provide licensed video  
4 gaming machine manufacturers with the protocol  
5 documentation and the audit information and controls  
6 necessary to enable the manufacturers' machines to  
7 communicate with the commission's central computer  
8 communications system. The central computer  
9 communications system shall be designed in a manner so  
10 as to not limit participation to only one manufacturer of  
11 video gaming machines or video gaming machine  
12 associated equipment by reason of either the cost of  
13 implementing necessary program modifications to  
14 communicate with the system, or an inability to  
15 communicate with the system.

16 8881.3. The director shall remove from play and  
17 confiscate any machine that does not comply with the  
18 requirements of this article. Any machine that the  
19 director determines has been modified, or the design of  
20 which has been modified, without the consent of the  
21 director, shall be removed from play and confiscated by  
22 the director.

23 8881.4. (a) The commission shall adopt regulations to  
24 provide for the issuance, renewal, suspension, and  
25 revocation of licenses pursuant to this article. The  
26 regulations shall specify that no individual, firm,  
27 corporation, or other legal entity shall apply for or be  
28 granted more than one type of license established under  
29 this section, except that the holder of a video gaming  
30 machine operator's license shall obtain a license for each  
31 individual video gaming machine placed in operation,  
32 which license shall be in addition to the video gaming  
33 machine operator's license. Nothing in this section  
34 prohibits the commission from authorizing a licensed  
35 premises to own its own video gaming machines if the  
36 licensed premises satisfactorily demonstrates that it is  
37 unable to obtain machine placement and service from  
38 any licensed video gaming machine operator.

39 (b) Licensing regulations may include requirements  
40 relating to the financial responsibility of the licensee, the



1 accessibility of the licensee's place of business or activity  
2 to the public, the volume of expected sales, the security  
3 and efficient operation of video gaming machines, and  
4 any other matters necessary to protect the public interest  
5 and trust in video gaming.

6 (c) The director may issue, renew, suspend, and  
7 revoke licenses for video gaming machine  
8 manufacturers, distributors, and operators, video gaming  
9 machines, and video game premise locations pursuant to  
10 the regulations adopted by the commission. The director  
11 shall not issue a license to any individual, firm,  
12 corporation, or other legal entity making application for  
13 any license authorized by this article until that person  
14 meets the requirements specified in this article and in  
15 regulations adopted by the commission for that license.

16 (d) Licenses shall be issued pursuant to this article  
17 without regard to race, sex, religion, ethnic origin, or  
18 political affiliation.

19 (e) Licenses issued pursuant to this article shall be the  
20 only licenses required by the commission or any political  
21 subdivision of this state to manufacture, distribute, place,  
22 and operate video gaming machines and video gaming  
23 machine associated equipment.

24 8881.5. (a) Any individual, firm, corporation, or  
25 other legal entity seeking to obtain a license pursuant to  
26 regulations adopted by the commission shall apply to the  
27 director for a license on forms provided by the director.  
28 No license shall be granted to any person who has been  
29 convicted of a felony. The commission may refuse to issue  
30 a license to any applicant who has been convicted of a  
31 gambling related offense or any crime of moral turpitude,  
32 or whose character, antecedents, and background may  
33 pose a threat to the public welfare.

34 (b) The director shall notify an applicant who is found,  
35 for any reason, to be not qualified for licensure, of the  
36 specific reasons that constitute the basis for the finding.

37 8881.6. (a) Any individual, firm, corporation, or  
38 other legal entity applying for a license to manufacture  
39 or assemble video gaming machines or video gaming  
40 machine associated equipment for sale or use in this state

1 shall submit to the director two copies of machine  
2 illustrations, schematics, block diagrams, circuit analysis,  
3 technical and operation manuals, program source codes  
4 and hexadecimal dumps, with the compiled computer  
5 program presented in base 10 format. The director may  
6 require the applicant to submit for examination, testing,  
7 and analysis, two working models of the video gaming  
8 machine and video gaming machine associated  
9 equipment that the applicant is proposing to offer for sale  
10 or use in this state. The director may completely  
11 disassemble machines or equipment submitted for  
12 testing purposes, and the applicant waives any claim  
13 against the commission or its staff for any damage to, or  
14 destruction of, such machine.

15 (b) The director may employ an independent  
16 technical expert to assist in testing a machine or machines  
17 submitted under this section to certify that the machine  
18 or machines are in technical compliance with this article  
19 and the commission's regulations. The applicant shall pay  
20 any costs incurred by the commission for testing the  
21 machines and associated equipment.

22 (c) The director shall provide the applicant with a  
23 written report of the test results for machines and  
24 equipment submitted for testing pursuant to this section.  
25 If the machines or equipment fail to meet the  
26 commission's testing standards, the commission shall  
27 inform the applicant of the necessary modifications  
28 required to meet those testing standards.

29 (d) No applicant shall be issued a license as a  
30 manufacturer of video gaming machines or associated  
31 equipment until the applicant has satisfactorily  
32 completed the testing requirements of the commission.

33 8881.7. (a) Fees for licenses issued pursuant to this  
34 article shall be as follows:

35 (1) For video gaming machine manufacturers, an  
36 application and license fee of twenty-five thousand  
37 dollars (\$25,000) for the first year of licensure, and a fee  
38 of five thousand dollars (\$5,000) for each year of licensure  
39 thereafter.

1 (2) For video gaming machine distributors, an  
2 application and license fee of fifteen thousand dollars  
3 (\$15,000) for the first year of licensure, and a fee of five  
4 thousand dollars (\$5,000) for each year of licensure  
5 thereafter.

6 (3) For video gaming machine operators, an  
7 application and license fee of five thousand dollars  
8 (\$5,000) for the first year of licensure, and a fee of one  
9 thousand dollars (\$1,000) for each year of licensure  
10 thereafter.

11 (4) For each licensed premise, an application and  
12 license fee of one hundred dollars (\$100) for the first year  
13 of licensure, and a license fee for video gaming machines  
14 not to exceed one hundred dollars (\$100) per year for  
15 each video gaming machine per licensed premise, when  
16 the licensed premise has four or fewer machines. For  
17 those licensed premises that have been approved by the  
18 commission for five or more machines, the video gaming  
19 machine license fee shall not exceed one hundred dollars  
20 (\$100) for the first four machines, and shall not exceed  
21 five hundred dollars (\$500) for each additional machine.

22 (b) The license fees prescribed in this section shall be  
23 expended to cover the administrative expenses incurred  
24 by the commission in administering this article.

25 8881.8. (a) A license issued pursuant to this article  
26 shall be revoked upon a finding that the licensee has done  
27 any of the following:

28 (1) Has knowingly provided false or misleading  
29 material information to the commission or its employees.

30 (2) Has been convicted of a felony, gambling related  
31 offense, or any crime of moral turpitude.

32 (3) Is a member or associate of any organized crime  
33 group.

34 (b) A license may be suspended, revoked, or not  
35 renewed for any of the following causes:

36 (1) Failure to notify the commission about a change of  
37 business location.

38 (2) A delinquency in remitting money owed to the  
39 commission.

1 (3) Any violation of any regulation adopted by the  
2 commission.

3 8881.9. No license issued pursuant to this article shall  
4 be assignable or transferable.

5 8881.10. (a) Every licensed manufacturer of video  
6 gaming machines and video gaming associated  
7 equipment shall submit a training program for the service  
8 and maintenance of those machines and equipment for  
9 approval by the commission. The training program shall  
10 include an outline of the training curriculum, a list of  
11 instructors and their qualifications, a copy of the  
12 instructional materials, and the dates, times, and location  
13 of training classes. No service and maintenance program  
14 shall be held until approved by the commission.

15 (b) Every service employee shall complete the  
16 requirements of the manufacturer's training program  
17 before the employee performs service, maintenance, or  
18 repairs on video gaming machines or video gaming  
19 machine associated equipment.

20 8881.11. (a) Upon the successful completion by a  
21 service employee of the training program required by  
22 Section 8881.10, the commission shall issue a certificate  
23 authorizing the employee to service, maintain, and repair  
24 video gaming machines and video gaming machine  
25 associated equipment. No certificate shall be issued to any  
26 service employee until the commission has ascertained  
27 that the employee has completed the required training  
28 program.

29 (b) Any person certified as a service employee under  
30 this section shall pass a background investigation  
31 pursuant to regulations adopted by the commission.

32 (c) The commission may revoke certification upon  
33 finding a service employee in violation of a commission  
34 regulation.

35 8881.12. (a) Video gaming machines offered for  
36 distribution in this state shall be approved by the  
37 commission and only offer video games authorized by the  
38 commission.

39 (b) Video gaming machines distributed in this state  
40 shall meet all of the following criteria:



1 (1) Be incapable of manipulation to effect the random  
2 probability of winning plays.

3 (2) Have one or more mechanisms that accepts coins  
4 or currency in exchange for game credits, and those  
5 mechanisms shall be designed to prevent players from  
6 obtaining credits by means of physical tampering.

7 (3) Be capable of suspending play until reset at the  
8 direction of the director as a result of physical tampering.

9 (4) Have nonresettable mechanical and electronic  
10 meters housed in a locked area of the machine that  
11 maintain a permanent record of all moneys inserted into  
12 the machine, all refunds of winnings, all credits played,  
13 and all credits won by players.

14 (5) Have a printing mechanism capable of printing  
15 the readings of electronic meters, ticket vouchers stating  
16 the value of the cash prize won by the player at the  
17 completion of each game, the date and time of day the  
18 game was played in a 24-hour format showing hours and  
19 minutes, the machine serial number, the sequential  
20 number of the ticket voucher, and an encrypted  
21 validation number for determining the validity of the  
22 winning ticket voucher.

23 (6) Be capable of being linked to the commission's  
24 central computer communications system for the  
25 purpose of auditing the operation, financial data, and  
26 program information as required by the director.

27 8881.13. The holder of a video gaming machine  
28 operator's license shall do all of the following:

29 (a) Offer for inspection and licensure by the  
30 commission each individual video gaming machine  
31 before the machine is placed in operation to ensure that  
32 the machine complies with this article and the regulations  
33 adopted by the commission. Upon the successful  
34 completion of inspection and payment of the applicable  
35 video gaming machine license fee, the director shall seal  
36 the software programs on the logic board on each  
37 machine presented for inspection in accordance with  
38 procedures established by the commission, and shall issue  
39 a license for each individual machine. The license shall be

1 prominently displayed on the machine by the video  
2 gaming machine operator.

3 (b) Provide service and maintenance for all licensed  
4 video gaming machines and video gaming machine  
5 associated equipment owned by an operator as required  
6 by the commission.

7 (c) Maintain a written service and maintenance log  
8 for each licensed video gaming machine placed in  
9 service. The service and maintenance log shall be stored  
10 inside the main access cabinet of the machine. Any  
11 service employee or employee of the commission gaining  
12 entry for the service, maintenance, or repair of a licensed  
13 machine shall sign the log, record the date, time, and  
14 purpose of the entry, the electronic and mechanical  
15 meter readings, and the parts of the machine inspected  
16 or repaired. Service and maintenance log forms shall be  
17 obtained from the commission and retained by the  
18 operator for a period determined by the commission, not  
19 to exceed five years. Service and maintenance logs shall  
20 be available for inspection by the director, upon request.

21 (d) Maintain records of the operation of each licensed  
22 machine placed into use by the licensed video gaming  
23 machine operator pursuant to this section. The records  
24 shall be kept in a secure place by the licensed video  
25 gaming machine operator, subject to inspection by the  
26 commission, and shall include, but not be limited to, an  
27 audit tape that records an exact duplicate of all tickets  
28 printed, transactions recorded, and licensing records.

29 8881.14. (a) The director shall contract with licensed  
30 video gaming machine operators for the operation of  
31 video gaming machines and video gaming machine  
32 associated equipment. Notwithstanding anything in  
33 Article 6 (commencing with Section 8880.56) to the  
34 contrary, contracts shall be one year in duration,  
35 automatically renewable subject to the video gaming  
36 machine operator's continued compliance with article,  
37 and require the operator to all of the following:

38 (1) Pay to the commission 25 percent of the net  
39 machine income during the first two years from the date  
40 that video gaming machines are first offered for play to



1 the public in this state, and 35 percent of the net machine  
2 income for each year thereafter.

3 (2) Provide the commission with all information and  
4 bank authorizations necessary to ensure the timely  
5 transfer of moneys due and payable to the commission.

6 (3) Maintain an account balance and surety bond, as  
7 required by the commission, sufficient to cover the  
8 amount due and payable to the commission.

9 (4) Maintain accurate records of net machine income.

10 (b) No licensed operator shall obtain an interest in or  
11 operate more than 10 percent of the total number of  
12 video gaming machines authorized for play by the public  
13 under this article.

14 8881.15. Any operator who fails to maintain an  
15 account balance sufficient to cover the amount due and  
16 payable to the commission shall be assessed an interest  
17 penalty equal to 12 percent of the amount due and  
18 payable. Each operator shall post a bond, as provided in  
19 Section 8880.54, in an amount not to exceed the average  
20 amount due and payable to the commission in that  
21 operator's fifteen-day collection cycle. Failure to make  
22 payments on any amount past due and payable to the  
23 commission on or before the next electronic transfer date  
24 shall be grounds for suspension or revocation of the  
25 operator's license and the removal of the licensee's  
26 machines from play.

27 8881.16. No video gaming machine shall be placed  
28 into play by an operator until both of the following occur:

29 (a) The premise license applicant's location has been  
30 licensed by the commission and the licensed video  
31 gaming machine or machines have been connected to the  
32 commission's central computer communications system.  
33 It shall be the responsibility of the premise location  
34 licensee to provide the phone line to connect to the  
35 central computer communications system.

36 (b) A licensed operator and the premise license  
37 applicant have entered into a written agreement to place  
38 the video gaming machine operator's machine or  
39 machines for play at the location stated on the premise  
40 license application. The agreement between the video

1 gaming machine operator and the premise licensee shall  
2 ensure equal distribution of net machine income less  
3 applicable payments to the state by electronic transfer.  
4 The agreement shall have a term of 36 months and be  
5 automatically renewed for one-year terms unless written  
6 notice is given by either party at least 30 days prior to the  
7 date of renewal.

8 8881.17. Video gaming machines, video gaming  
9 machine associated equipment, and video games  
10 authorized by the commission for play shall not be  
11 construed as gambling devices or the offering of  
12 gambling to the public or participation in gambling  
13 activities for the purpose of Chapter 9 (commencing with  
14 Section 319) of, or Chapter 10 (commencing with Section  
15 330) of, Title 9 of Part 1 of the Penal Code, or any local  
16 ordinance. No license issued pursuant to Division 9  
17 (commencing with Section 23000) of the Business and  
18 Professions Code for the onpremise consumption of  
19 alcoholic beverages shall be denied, suspended, or  
20 revoked because the license holder is a licensed  
21 participant in the state video gaming network authorized  
22 by this article. However, suspension or revocation of a  
23 lottery retail location's liquor license may result in action  
24 against the location's video lottery license or the location's  
25 authority to operate video gaming machines.

26 8881.18. No holder of a license issued pursuant to this  
27 article shall use the word "casino" in any sign or  
28 advertisement in connection with a video gaming  
29 machine.

30 8881.19. Pursuant to Section 1172 of Title 15 of the  
31 United States Code, the State of California, does hereby,  
32 in accordance with and in compliance with that section,  
33 declare and proclaim that Section 1172 of Title 15 of the  
34 United States Code does not apply to any gambling  
35 device in this state where the transportation of the device  
36 is specifically authorized by and accomplished in  
37 compliance with this article, any other applicable statute  
38 of this state, and any regulations adopted pursuant  
39 thereto, and that any gambling device transported in





1 compliance with state law and regulations shall be  
2 exempt from the application of that section.

3 8881.20. Any person who physically tampers with a  
4 licensed video gaming machine with the intent to  
5 interfere with the proper operation of the machine, or to  
6 manipulate the outcome or payoff of the machine, is  
7 guilty of a felony.

8 8881.21. Any individual, firm, corporation, or other  
9 legal entity who places in operation or continues to have  
10 in place any gray area device for use by members of the  
11 public at any licensed premise or any other place is guilty  
12 of a felony.

13 8881.22. All revenues received by the commission  
14 pursuant to this article shall be deposited by the  
15 commission in the State Lottery Fund. All license fees  
16 paid to the commission pursuant to Section 8881.7 and  
17 deposited in the fund in accordance with this section shall  
18 be expended to cover the administrative expenses  
19 incurred by the commission in administering this article.

20 SEC. 4. The Legislature finds and declares that this  
21 act furthers the purposes of the California State Lottery  
22 Act of 1984.

23 SEC. 5. No reimbursement is required by this act  
24 pursuant to Section 6 of Article XIII B of the California  
25 Constitution because the only costs that may be incurred  
26 by a local agency or school district will be incurred  
27 because this act creates a new crime or infraction,  
28 eliminates a crime or infraction, or changes the penalty  
29 for a crime or infraction, within the meaning of Section  
30 17556 of the Government Code, or changes the definition  
31 of a crime within the meaning of Section 6 of Article  
32 XIII B of the California Constitution.

33 Notwithstanding Section 17580 of the Government  
34 Code, unless otherwise specified, the provisions of this act  
35 shall become operative on the same date that the act  
36 takes effect pursuant to the California Constitution.

